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CITY OF LIVERMORE
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2008

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SINGLE AUDIT REPORT
For The Year Ended JUNE 30, 2008

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CITY OF LIVERMORE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended JUNE 30, 2008

SECTION I—SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Type of auditor's report issued on compliance for major programs: Unqualified

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None Reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes X No

Identification of major programs:

<u>CFDA#(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>20.205</u>	<u>DOT – Highway Planning and Construction Grants</u>
<u>20.600</u>	<u>DOT – Business, Transportation, and Housing Agency Grants</u>
<u>93.778</u>	<u>DHHS – Medical Administrative Activities Grants</u>

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit disclosed significant deficiencies, but not material weaknesses or instances of noncompliance material to the basic financial statements, which we communicated to City Council in our separate Memorandum on Internal Control dated November 29, 2008, which is an integral part of our audits and should be read in conjunction with this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any findings or questioned costs required to be reported in accordance with section 510(a) of OMB Circular A-133.

SECTION IV - STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS –

Prepared by Management

Financial Statement Prior Year Findings

We have included the current status of prior significant deficiency in our Memorandum on Internal Control dated November 28, 2008, which is an integral part of our audit and should be read in conjunction with this report.

Federal Award Prior Year Findings and Questioned Costs

- There were no prior year Federal Award Findings and Questioned Costs reported.

CITY OF LIVERMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Program Name	Pass-Through Entity Grant Number	Catalog of Federal Domestic Assistance Number	Program Expenditures
U.S. Department of Housing and Urban Development			
Community Development Block Grant			
Program Expenditures	B07MC060041	14.218	\$338,250
Revolving Loan Income			35,055
Program Income			<u>6,948</u>
Subtotal Community Development Block Grant			<u>380,253</u>
HOME Investment Partnership Program (Passed through Alameda County Housing and Community Development)		14.239	<u>210,831</u>
Economic Initiative Special Project funds (Passed through Alameda County Housing and Community Development)		14.246	<u>73,200</u>
Total U.S. Department of Housing and Urban Development			<u>664,284</u>
Office of Solid Waste and Emergency Response			
Environmental Protection Agency			
Brownsfields Cleanup and Redevelopment	BF-96916801-0	66.818	<u>143,274</u>
U.S. Department of Transportation			
Federal Aviation Administration, Airport Improvement Program	AIP 18	20.106	<u>91,635</u>
Highway Planning and Construction Grants (Passed through the California Department of Transportation)			
Downtown Livermore Pedestrian Transit Center			
City Project 583015	CML-5053(016)	20.205	19,885
Isabel Avenue/I-580 Interchange			
City Project 92-38	RPSTPL-5053(009)	20.205	2,275,706
Murrieta Boulevard			
City Project 2006-16	STPL-5053(015)	20.205	<u>486,000</u>
Subtotal Highway Planning and Construction Grants			<u>2,781,591</u>
Business, Transportation & Housing Agency (Passed through the Office of Traffic Safety)			
Livermore Police Department Comprehensive Traffic Safety Program	PT0718	20.600	<u>15,700</u>
Livermore Police Department Avoid the 21 (Passed through the Alameda County Sheriff's Department and the Office of Traffic Safety)	AL-0626	20.600	<u>3,315</u>
Livermore Police Department Minor Decoy Program (Passed through the Dept of Alcoholic Beverage Control and the Office of Traffic Safety)	06MDG-10	20.600	<u>5,606</u>

Livermore Police Department Comprehensive Traffic Safety Program (Passed through the City of Brentwood)	PT0636	20.600	<u>56,308</u>
Livermore Police Department Comprehensive Traffic Safety Program (Passed through the UC Berkeley)	SC08228	20.600	<u>4,303</u>
Livermore Police Department Click it or Ticket Program for Local Law Enforcement Agencies (Passed through the UC Berkeley)	CT08228	20.600	<u>8,775</u>
Livermore Police Department Every 15 Minutes Program (Passed through the CA Highway Patrol)	C7051204	20.600	<u>10,000</u>
(Passed through Livermore High School)	CT08228	20.600	<u>10,000</u>
(Passed through the Granada High School)	CT08228	20.600	<u>10,000</u>
Subtotal Business, Transportation & Housing Agency			<u>124,007</u>
Total U.S. Department of Transportation			<u>2,997,233</u>
Department of Homeland Security - FEMA (Passed through the Governor's Office of Emergency Services) Public Assistance Grants	FEMA-1628-DR-CA, OES ID #001-42006	97.036	<u>12,522</u>
Total Office of National Preparedness, Federal Emergency Management Agency			<u>12,522</u>
Office of Library Services, Institute of Museum and Library Services, National Foundation on the Arts and the Humanities (Passed through the California State Library) Public Library Staff Education Program	40-6873	45.310	<u>50,000</u>
U.S. Department of Justice, Office of Justice Program Bullet Proof Vest Partnership Program		16.607	<u>811</u>
Total U.S. Department of Justice, Office of Justice Program			<u>811</u>
Department of Health and Human Services Medical Administrative Activities	04-35081	93.778	<u>131,057</u>
Total Department of Health and Human Services			<u>131,057</u>
Total Federal Financial Awards			<u>\$3,999,181</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

CITY OF LIVERMORE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended JUNE 30, 2008

NOTE 1-REPORTING ENTITY

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the City of Livermore, California and its component units as disclosed in the notes to the Basic Financial Statements.

NOTE 2-BASIS OF ACCOUNTING

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

NOTE 3-DIRECT AND INDIRECT (PASS-THROUGH) FEDERAL AWARDS

Federal awards may be granted directly to the City by a federal granting agency or may be granted to other government agencies which pass-through federal awards to the City. The Schedule includes both of these types of Federal award programs when they occur.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and City Council
of the City of Livermore, California

We have audited the financial statements of the City of Livermore as of and for the year ended June 30, 2008, and have issued our report thereon dated November 29, 2008. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We have also issued a separate Memorandum on Internal Control dated November 29, 2008 disclosing certain significant deficiencies which is an integral part of our audits and should be read in conjunction with this report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of City Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mage Assouline

November 29, 2008

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and City Council
of the City of Livermore, California

Compliance

We have audited the compliance of the City of Livermore with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City's major federal programs are identified in Section I - Summary of Auditor's Results included in the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal controls over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

A *control deficiency* in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

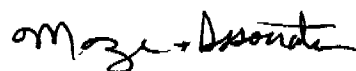
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the City as of and for the year ended June 30, 2008, and have issued our report thereon dated November 29, 2008. Our audit was performed for the purpose of forming opinions on the financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of City Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



February 9, 2009